

Reliance Industries Ltd

BUY

CMP Rs 1,995

Target Rs 2,325

Upside 16.6%

Result Highlights

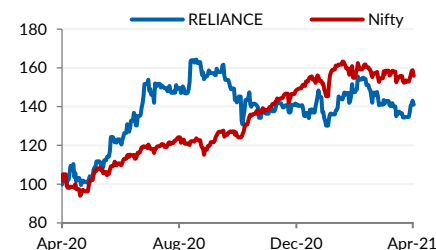
- ✓ **Revenue:** Consolidated revenue stood at Rs 1496bn (+27% QoQ; +10% YoY) on 21% & 25% sequentially higher O2C & Retail revenues, even as Digital services stood at -4% QoQ. Whereas increase in crude to an average of USD 61.3/bbl (3Q: USD 45.2/bbl), coupled with 25-35% higher Petrochemical prices aided O2C segment; improvement in footfalls and higher bill value aided Retail revenues.
- ✓ **Operating Profits:** Consolidated Ebitda stood at Rs 233.5bn (+8% YoY; +7% QoQ), taking the annual operating profit to Rs 807.4bn (-8% YoY). While retail & digital services at Rs 36.2bn (+41% YoY; +17% QoQ) & Rs 89.5bn (+31%YoY; flat QoQ), were key contributors to annual growth. O2C at Rs 114bn (-5% YoY; +17% QoQ), along with retail contributed to sequential growth.
- ✓ **Finance Cost:** Finance cost for the 4QFY21 and FY21 stood lower at Rs 40.4bn (-33% YoY; -6.5% QoQ) and Rs 212bn (-4% YoY) on paring down of borrowing.
- ✓ **Net-Debt:** RIL pared down the borrowing by Rs 1170bn in FY21, and adjusted for fresh proceeds, while the gross borrowing stand at Rs 2518bn, the net-borrowing stands at Rs (22)bn (net cash) on account of cash & equivalents of Rs 2540bn.
- ✓ **Capex:** Capex for FY21 stood at Rs 790bn (FY20: Rs 805bn), primarily investment being in standalone entity (Rs 218bn) and in RJIL (Rs 261bn).
- ✓ **O2C Segment:** Higher refining & polymer deltas, along with improvement in product sales led to sequential improvement in profitability. Singapore benchmark averaged QoQ higher at USD 1.8/bbl on improvement in cracks across MS, HSD and ATF. In polymers while PE margin was stable, PP (+43% QoQ) and PVC (+9% QoQ) improved. In addition, polymer demand improved by 12% YoY.
- ✓ **Oil & Gas Segment:** The segment Ebitda improved to Rs 4.8bn (3Q: Rs 0.04 bn), on commissioning and ramp-up of R-Cluster; field has reached plateau of 12.8mmscmd, ahead of schedule. Satellite field has also been commissioned in Apr'21, two months ahead of schedule. The production in 2HFY22, is expected to reach 18mmscmd, to be supplemented by MJ's production in 3QFY23. RIL also divested its interest in Marcellus Shale (US) to Northern Oil & Gas (NOG) for USD 250mn cash and optional entitlement for 3.25mn shares of NOG at USD 14/sh.
- ✓ **Digital Services Segment:** While the Revenue & EBITDA for JPL stood at Rs 226bn (+18% YoY; -4% QoQ) & Rs 89.5bn (+31% YoY; flat QoQ), the same for RJIL (subsidiary) stood at Rs 174bn (+17%YoY; -6% QoQ) & Rs 83bn (+34% YoY; +2% QoQ). Sequential decline in revenue stemmed from introduction of Bill & Keep regime, resulting in an ARPU of Rs 138 (3Q: Rs 151). RJIL's subscriber base climbed to 426mn, with net addition of 15mn subscribers (gross addition: 31mn). In addition to wireless business RJIL continues to expand footprint in enterprise and home broadband. Also, during 4Q, RJIL concluded purchase of spectrum worth Rs 571bn, through auction and Rs 15bn from Bharti airtel
- ✓ **Retail Segment:** Improved footfalls at 88% of pre-covid level (3Q: 75%) along with higher conversion and higher bill value contributed to all time high Grocery and Fashion & Lifestyles sales. Consumer electronic picked up slack as with higher sales of devices. Digital and new commerce as well contributed ~10% of the sale. As a result Revenue and Ebitda stood higher at Rs 413bn (+20% YoY; +25% QoQ) and Rs 36.2bn (+41% YoY; +17% QoQ).

View & Valuation: We assume coverage for RIL, with a BUY rating and a TP of Rs 2325/sh. At CMP the stock is trading at 17x FY23e, as against 20x implied by our SOTP based TP.

Stock data (as on Apr 30, 2021)

Sensex:	14,631
52 Week h/l (Rs)	2369 / 1393
Market cap (Rs/USD mn)	13097422 / 176783
Outstanding Shares	6,339
6m Avg t/o (Rs mn):	25,414
Div yield (%):	0.3
Bloomberg code:	RIL IN
NSE code:	RELIANCE

Stock performance



	1M	3M	1Y
Absolute return	-0.4%	8.3%	37.8%

Shareholding pattern (As of Dec'20 end)

Promoter	50.5%
FII+DII	38.4%
Others	10.9%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	NA
Target Price	2,325	NA

Financial Summary

Rs Bn	FY20	FY21	FY22e
Net Revenue	5.2	(21.8)	63.1
YoY Growth	882	807	1037
EBIDTA	5.1	(8.5)	61.5
YoY Growth	394	491	531
PAT	7.8	2.4	51.8
YoY Growth	9.3	8.4	7.3
ROE	61.1	76.2	82.4
EPS	30.1	29.4	24.2
P/E	765.8	1182.7	1264.3
BV	2.6	1.7	1.6
P/BV	5.2	(21.8)	63.1

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Exhibit 1: Comparison with estimates

(Rs mn)	Actual	YES Estimate	%Variance	Consensus Estimate	% Variance
Revenue	1,495,750	1,539,222	(2.8)	1,390,000	7.6
EBITDA	233,510	235,200	(0.7)	233,073	0.2
PBT	163,820	164,995	(0.7)	159,314	2.8
Adj net income	141,980	150,146	(5.4)	137,036	3.6
FDEPS (Rs)	22.0	23.3	(5.4)	21.3	3.6

Exhibit 2: Consolidated earnings table

(Rs mn)	4QFY21	4QFY20	% Chg YoY	3QFY21	% Chg QoQ	FY21	FY20	% Chg YoY
Revenue	1,495,750	1,362,400	9.8	1,178,600	26.9	4,669,240	5,946,810	(21.5)
Expenditure	1,262,240	1,144,580	10.3	962,940	31.1	3,861,870	5,070,460	(23.8)
Operating profit	233,510	217,820	7.2	215,660	8.3	807,370	876,350	(7.9)
Other income	32,370	41,330	(21.7)	44,530	(27.3)	163,270	145,380	12.3
Interest	40,440	60,640	(33.3)	43,260	(6.5)	211,890	220,270	(3.8)
Depreciation	69,730	63,320	10.1	66,650	4.6	265,720	222,030	19.7
Shr profit/ loss from JV/ Assc.	140	(290)		750		5,160	1,070	
Exceptional Item	7,970	(42,670)		(1,210)		56,420	(44,440)	
PBT	163,820	92,230	77.6	149,820	9.3	554,610	536,060	3.5
Tax	13,870	26,770	(48.2)	880	1,476.1	17,220	137,260	(87.5)
Reported PAT	149,950	65,460	129.1	148,940	0.7	537,390	398,800	34.8
Adj. PAT	141,980	108,130	31.3	150,150	(5.4)	480,970	443,240	8.5
EBITDA margin (%)	0.2	0.2	-	0.2	-	0.2	0.1	-
FDEPS (Rs)	23.3	10.2	129.1	23.1	0.7	83.4	61.9	34.8

Exhibit 3: Standalone earnings table

(Rs mn)	4QFY21	4QFY20	% Chg YoY	3QFY21	% Chg QoQ	FY21	FY20	% Chg YoY
Revenue	806,560	739,560	9.1	612,630	31.7	2,456,670	3,356,450	(26.8)
Expenditure	704,630	626,130	12.5	525,730	34.0	2,120,090	2,841,250	(25.4)
Operating profit	101,930	113,430	(10.1)	86,900	17.3	336,580	515,200	(34.7)
Other income	27,970	39,460	(29.1)	36,160	(22.6)	147,880	148,740	(0.6)
Interest	30,010	41,610	(27.9)	31,400	(4.4)	157,400	121,050	30.0
Depreciation	25,820	26,850	(3.8)	22,090	16.9	91,980	97,280	(5.4)
Exceptional Item	0	(42,450)	(100.0)	(1,160)	(100.0)	43,040	(42,450)	
PBT	74,070	41,980	76.4	68,410	8.3	278,120	403,160	(31.0)
Tax	(2,100)	16,180	(113.0)	(17,870)	(88.2)	(47,320)	94,130	(150.3)
PAT	76,170	25,800	195.2	86,280	(11.7)	325,440	309,030	5.3
OCI	(1,450)	(47,910)	(97.0)	5,330	(127.2)	25,700	(70,740)	(136.3)
PAT after OCI	74,720	(22,110)	(437.9)	91,610	(18.4)	351,140	238,290	47.4
EBITDA margin (%)	0.1	0.2	-	0.1	-	0.1	0.2	-
FDEPS (Rs)	11.8	4.1	190.3	13.4	(11.7)	50.5	48.8	3.6

Exhibit 4: Segmental earnings table

(Rs mn)	4QFY21	4QFY20	% Chg YoY	3QFY21	% Chg QoQ	FY21	FY20	% Chg YoY
O2C-Standalone								
Revenues (gross)	895,830	789,240	13.5	708,040	26.5	2,752,260	3,608,800	(23.7)
Throughput(mmt)	18.7		#DIV/0!	18.2	2.7	71.3	79.8	(10.7)
Production for Sale (mmt)	16.6			16.2	2.5	63.5	71.0	(10.6)
EBITDA	112,150	125,650	(10.7)	91,500	22.6	367,300	538,540	(31.8)
PBIT Margin (%)	0.1	0.2		0.1		0.1	0.1	
O2C- Consol								
Revenues (gross)	1,010,800	967,320	4.5	838,380	20.6	3,200,080	4,533,410	(29.4)
EBITDA	114,070	119,610	(4.6)	97,560	16.9	382,520	540,680	(29.3)
PBIT Margin (%)	0.1	0.1		0.1		0.1	0.1	
E&P -Standalone								
Revenues (gross)	5,300	1,600	231.3	1,090	386.2	7,910	16,390	(51.7)
EBITDA	3,310	430	(669.8)	150	2,106.7	3,750	7,380	(49.2)
PBIT Margin (%)	0.6	0.3		0.1		0.5	0.5	
E&P-Consol								
Revenues (gross)	8,480	6,250	35.7	4,310	96.8	21,400	32,110	(33.4)
EBITDA	4,800	(460)	1,143.5	40	11,900.0	2,580	3,530	(26.9)
PBIT Margin (%)	0.6	(0.1)		0.0		0.1	0.1	
Retail								
Revenues (gross)	460,990	382,420	20.5	368,870	25.0	1,538,180	1,629,670	(5.6)
EBITDA	36,230	25,690	41.0	31,020	16.8	98,170	96,670	1.6
PBIT Margin (%)	0.1	0.1		0.1		0.1	0.1	
JIO Infocom								
Revenues (gross)	226,280	191,530	18.1	236,780	(4.4)	902,870	681,520	32.5
EBITDA	89,450	68,330	30.9	89,420	0.0	340,350	228,980	48.6
PBIT Margin (%)	0.4	0.4		0.4		0.4	0.3	
Financial Services								
Revenues (gross)	4,630	7,830	(40.9)	6,410	(27.8)	22,050	22,960	(4.0)
EBITDA	1,440	3,520	(59.1)	3,030	(52.5)	10,240	7,310	40.1
PBIT Margin (%)	0.3	0.4		0.5		0.5	0.3	
OTHERS-Standalone								
Revenues (gross)	5,910	9,310	(36.5)	4,810	22.9	22,050	22,960	(4.0)
EBITDA	1,630	2,740	(40.5)	2,110	(22.7)	10,240	7,310	40.1
PBIT Margin (%)	0.3	0.3		0.4		0.5	0.3	
OTHERS-Consol								
Revenues (gross)	203,750	169,060	20.5	109,670	85.8	478,370	422,130	13.3
EBITDA	11,640	14,970	(22.2)	14,940	(22.1)	52,960	42,870	23.5
PBIT Margin (%)	0.1	0.1		0.1		0.1	0.1	

EARNINGS-CALL HIGHLIGHTS

Oil & Gas

- ✓ Strong quarter in terms of production, R cluster commenced production. Peak production of 12.8mmscmd attained in mid April 21.
- ✓ Satellite-cluster field commenced production in Apr 21.
- ✓ Total production to be ~18 mmscmd in next two months (20% of India's gas production)
- ✓ Aim to commission MJ filed expected by 3QFY23.
- ✓ Gas prices realization expected to be higher in FY22. Expect 60% hike in price realization in 2nd half of the year
- ✓ Average production for KG -D6 in 4QFY21 at 7.06 mmscmd; CBM production at ~ 0.85 mmscmd
- ✓ Average production for FY21: KG-D6 at 6.55mmscmd (Dec'20 onwards); CBM at 0.92mmscmd
- ✓ YoY Revenue & EBITDA decline largely due to production decline on account of sale of Marcellus assets and cessation of D1D3 production from KGD6, lower domestic and US shale gas price realization
- ✓ Expect revenue to increase with increase in production and higher realization in FY22

Oil to Chemicals (O2C)

- ✓ Planned turnaround at Hazira (MEG and PVC), Dahej (PVC), Nagothane (PE/PP) were successfully implemented on schedule
- ✓ Overall business has benefited on economic revival, rising consumer confidence and increase in global oil demand
- ✓ Domestic oil product demand at 54.1mmt, lower QoQ but up 2.5% YoY.
- ✓ Gasoline and diesel demand remained soft QoQ - up 9.7% and 4.1% respectively
- ✓ ATF demand grew 15.9% QoQ on low base; down 29.3% YoY
- ✓ Domestic polymers and polyester demand remained stable QoQ but improved by 12% and 21% YoY respectively due to YoY strong demand across sectors - healthcare, packaging, consumer durables textiles and auto
- ✓ Polymer prices increased over the quarter by 25-35% QoQ; margins expanded QoQ by PP (43%), PVC (9%), PE (flat), PX(38%), PTA (34%), MEG (33%), PFY (1%) and PET (32%). PSF margins however declined by 34%
- ✓ Overall, supply disruption and OPEC cuts supported firm oil prices (although demand didn't get affected) and margin recovery. Moreover, large scale supply disruption and logistical constraints supported margins
- ✓ Global Gas oil demand decline by 0.8mbd QoQ to 26.8mbd and Gasoline demand decline by 0.7mbd QoQ to 26.8mpd
- ✓ Margins nevertheless recovered on account of supply outages in US due to Artic Freeze.
- ✓ Overall throughput higher by 2.7% QoQ at 18.7mmyt; Refinery throughput also higher at 17.1 (+2.2% QoQ)

Retail Segment

- ✓ 80% stores operational; footfall of 65% of pre covid levels, Q1 Q2 severely impacted, easing seen Q3 onwards.
- ✓ Transferred out the petro retail business (9000Cr)
- ✓ EBITDA at all time high – driven by Business rebound, cost management and investment income (1,333Cr primarily return from MF)
- ✓ Largest fund raise in retail sector (Rs 47,265 CRs for 10.09% stake).
- ✓ Gross revenue adjusted for Petro retail business slightly higher than last year
- ✓ Q4 – 94% stores operational, footfall at 88% of pre covid levels (3Q 75%); small towns have led to recovery
- ✓ 2nd wave significantly impacts footfalls
- ✓ Pace of new store expansion – Q4 was higher than previous quarters combined
- ✓ Strong growth in consumer electronics – stepped up device sales
- ✓ Digital and new commerce contribute 10% of sales
- ✓ Margins maintained at 7.5% despite operating challenges led by cost management initiatives and higher investment income
- ✓ Q4 new store launches – 826
- ✓ Consumer electronics – strong double-digit growth; factors dragging perf was unavailability of devices – which is now seen a bounce back led by jio phone plans.
- ✓ Own brands portfolio expanded with – BPL, Kelvinator Jio phones etc
- ✓ Fashion & lifestyle – 2x growth in revenue from small town stores – contributing 55% of trends sales
- ✓ 400 stores integrated with jio mart, daily order up 2x QoQ
- ✓ AJIO – 4x revenue over last year
- ✓ 2x growth in option count, Seller base up 23%
- ✓ F&L new commerce – Extended coverage to 2,265 cities, catalogue size up 3x; 650 new brands introduced, growing merchant partnerships (demand side) along with increasing sellers 2200 sellers onboarded (supply side, Growing merchant
- ✓ Reliance Jewels –gold rates have come off and buoyant consumer demand contributing to revenue
- ✓ 60+brands launched op Ajio luxe
- ✓ Grocery – footfalls not recovered yet offset by higher average bill values; Jio mart continues to scale up 3x growth in product assortment; 80% ordered from repeats; high retention leading to high bill values
- ✓ Jio mart kirana – coverage of 10 new cities, active in 33 cities now
- ✓ Order frequency for >180-day merchants
- ✓ Initiated onboarding process in 13 cities
- ✓ 114 pharmacies operationalized, likely to ramp up more

Reliance Industries Ltd

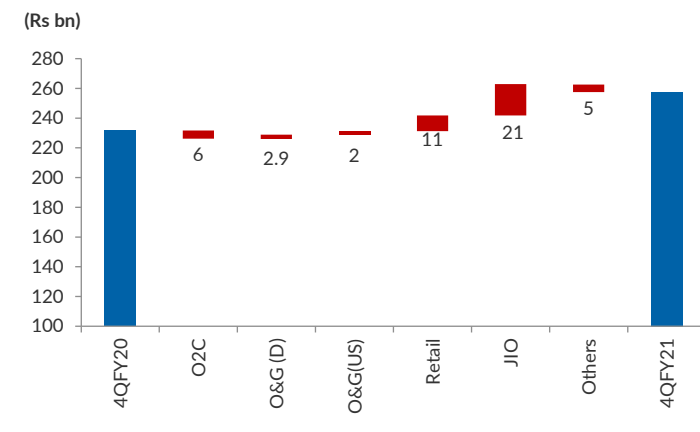
- ✓ Various operating challenges going forward – 2nd wave of covid, Business confined to essential items, electronics and fashion operational stores at 40-50%, grocery operational at 80-90%, footfalls dropped to 35%-40%, vendors supply chain impacted and cut down on non-essential spends.
- ✓ Focus areas going forward – Step up in new store opening, accelerate digital commerce, expand categories in jio mart, grow new merchant partnerships and develop vendor ecosystem across businesses and geographies, launch/scale up of won brands and new businesses (including acquisition), Fastrack supply chain infrastructure augmentation

Digital Services

- ✓ First operator outside china to cross over 400mn subscribers with an addition of over 99Mn subscribers during FY21.
- ✓ Annualized revenue run rate of USD 10bn with margins of 45%yoy. Completed testing and developed End-to end Jio 5G radio network solution.
- ✓ Seen improvement in Q4 but 2nd phase has been more severe and seen more disruption. Multiple initiatives taken such as jio associate program, doorstep services, zero impact on network.
- ✓ Purchase of spectrum via auction and trading agreement. Owned spectrum stood at 1,732 mhz. 2x10 Mhz in 1800 Mhz and 40Mhz in 2300 Mhz band across all circles.
- ✓ Average life of the spectrum is longest at 15.5 years.
- ✓ Total cost of purchase Rs 57,123Cr. Upfront payment of Rs19,939Cr. Spectrum traded with Airtel of Rs 1,497Cr including 459Cr of deferred payment liability.
- ✓ Enough Spectrum footprint to address next 300mn subscribers.
- ✓ 800MHz – 2x10MHz footprint in 18 out of 22 circles; 1800MHz – completed PAN-India footprint of 10MHz; 2300MHz – only operator to have PAN India 40MHz
- ✓ Other initiative – Jio phone program – 1999 phone with 2 year unlimited plan (good uptick of customers); Integrated digital solution for MSME business with monthly plans starting from 900 to Rs 10,000; Online gaming - Entered partnership with leading gaming companies (aim to grow this as another segment)
- ✓ Q4 – customer base of 426.2m, additions of 31.2m
- ✓ ARPU of Rs 138
- ✓ EBITDA 8,573Cr with 46.9% margin
- ✓ Moved to Bill & keep regime (leading to reduction in AROU from 152 Rs, reduction in IIUC revenue)
- ✓ Market leadership in 19 out of 22 circles and revenue share of ~45% as of Dec 20.
- ✓ Industry leading EBITDA margin at 47.9% wit further scope for improvement

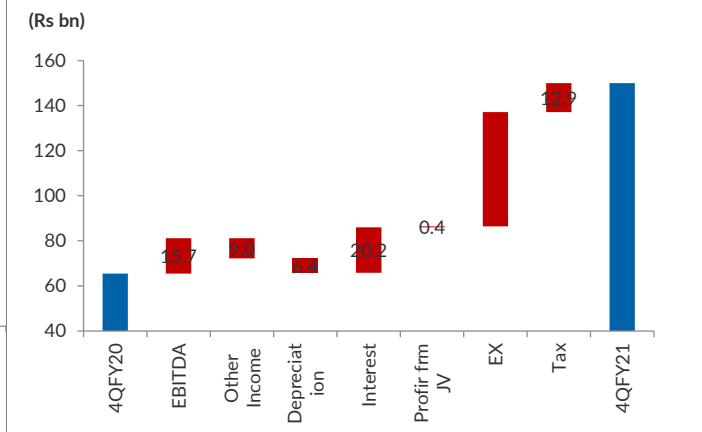
CHARTS

Exhibit 5: YoY 5% contraction in O2C operating profits was more than offset by expansion of 41% and 31%, respectively in Retail and Digital services



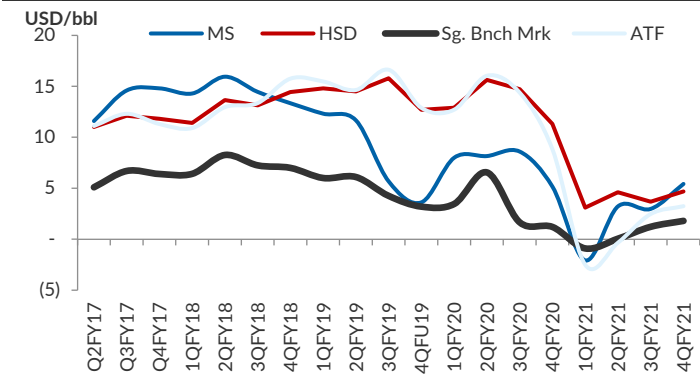
Source: Company, YES Sec - Research

Exhibit 6: Reported PAT increased by 2.3x YoY, primarily on 52% YoY lower taxes, 33% YoY lower interest cost and an exceptional gain of Rs 8bn (vs loss of Rs 43bn in Mar'20)



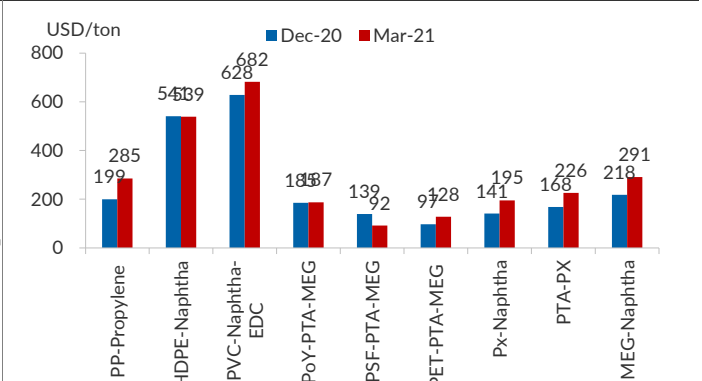
Source: Company, YES Sec - Research

Exhibit 7: Refining margins improved sequentially



Source: Company, YES Sec - Research

Exhibit 8: Sequential improvement in Petchem margins



Source: Company, YES Sec - Research

Exhibit 9: O2C revenue at Rs 1010.8 bn rises 21% QoQ & 4% YoY



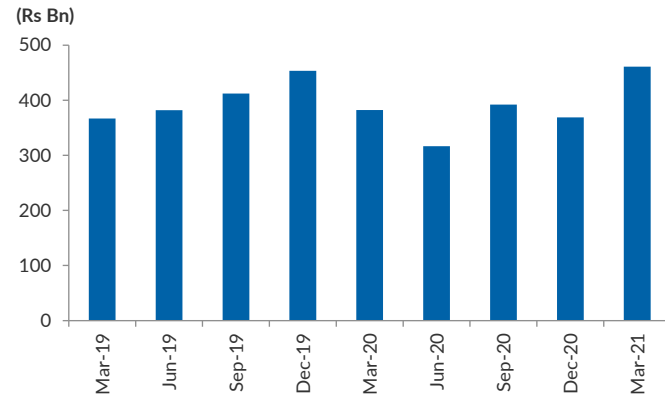
Source: Company, YES Sec - Research

Exhibit 10: O2C EBIT at Rs 91.7bn, 20% higher QoQ but 5% lower YoY



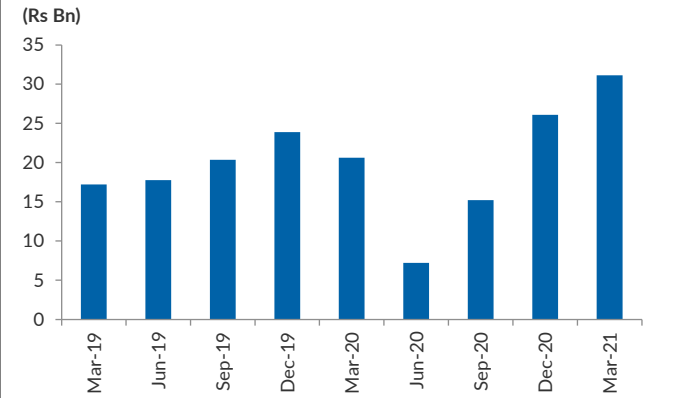
Source: Company, YES Sec - Research

Exhibit 11: Retail segment revenue at Rs 461bn higher by 21% YoY & 25% QoQ ; on improvement in sales across segments



Source: Company, YES Sec – Research

Exhibit 12: Retail EBIT at Rs 31.1bn, stood higher by 50% YoY & 20% QoQ, on improvement in foot falls and higher billing



Source: Company, YES Sec – Research

Exhibit 13: RJIL expanding foot print in enterprise business; Plans range from Rs 900 to Rs 10000 p.m.

JioBusiness – Enterprise-Grade Bundled Offering **Jio**

INTEGRATED DIGITAL SOLUTION FOR MICRO, SMALL & MEDIUM BUSINESSES

FIBER CONNECTIVITY

DIGITAL SOLUTIONS

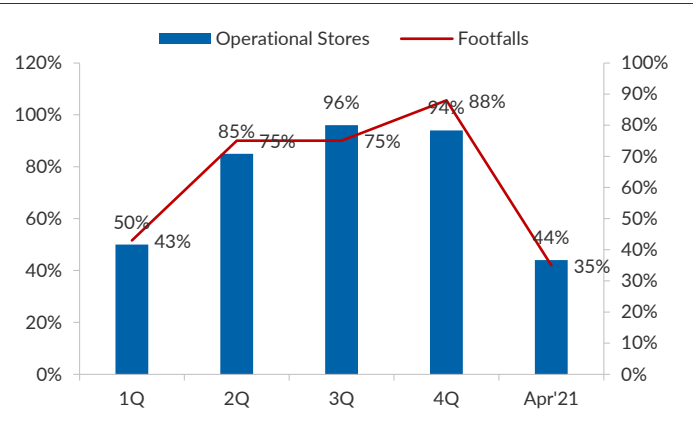
DEVICES

- Telco share in ICT spend to increase with connectivity and digital solutions
- Deep market presence with fiber network, affordable tariff plans and end-to-end solutions to drive market share gains for Jio
- Monthly plans from Rs 900 to Rs 10,000 targeting needs of all MSMBs in India

To help MSMBs create ATMA-NIRBHAR DIGITAL INDIA

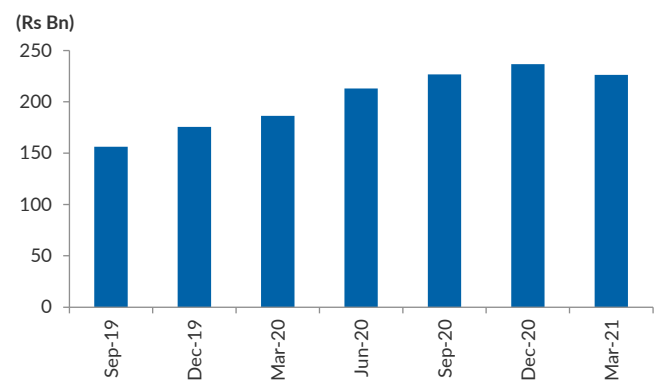
Source: Company, YES Sec – Research

Exhibit 14: While footfalls improved QoQ in 4Q, but 2nd wave of Covid has impacted the same severely



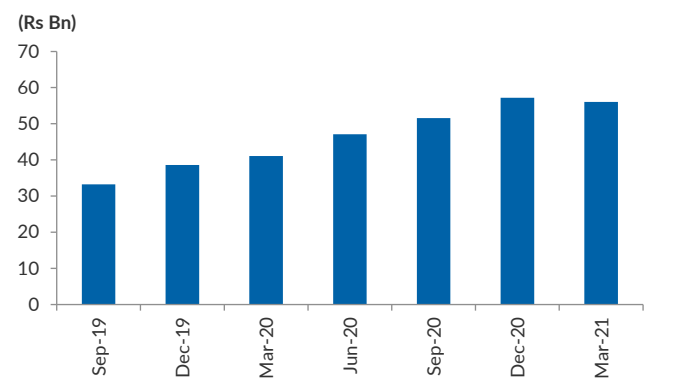
Source: Company, YES Sec – Research

Exhibit 15: Digital services revenue stood 18% YoY higher at Rs 226.2bn



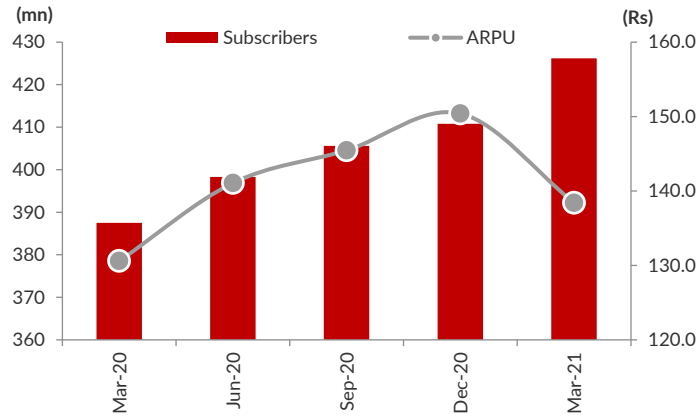
Source: Company, YES Sec – Research

Exhibit 16: Digital services EBIT improves 32% YoY to Rs 56bn , but QoQ weaker by 2%



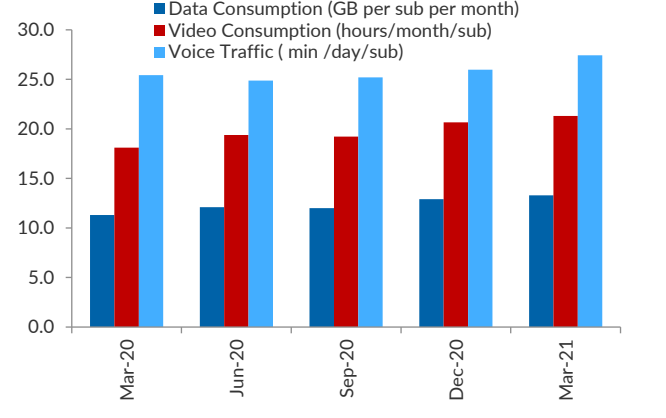
Source: Company, YES Sec – Research

Exhibit 17: With net subscriber addition of 15.2mn, subscriber base increases to 426mn; ARPU falls to Rs 138/sub on transition to 'Bill & Keep regime'



Source: Company, YES Sec - Research

Exhibit 18: Data consumption at all time of 13.3 GB/month/sub



Source: Company, YES Sec - Research

VIEW & VALUATION

Buy with a TP of Rs 2325/sh.

We assume coverage for RIL, with a BUY rating and a TP of Rs 2325/sh. At CMP the stock is trading at 17x FY23e, as against 20x implied by our SOTP based TP.

Exhibit 19: Valuation Table

	EBITDA	Value (Rs bn)	Value (USD bn)	Value (Rs/shr)	Valuation Methodology	RIL's stake
Refining & Marketing	238,932	1,673	22.3	260	7 x FY23E EBITDA	100%
Petrochemicals	344,024	2,580	34.4	400	7 x FY23E EBITDA	100%
E&P	76,555	459	6.1	71.3	6x EV/EBITDA	60%
Infotel venture	496,708	3,995	53.3	620	12 x FY23E EBITDA	67.0%
Haryana & Jamnagar SEZs		55	0.7	9	At acquisition cost	
Retail	229,735	6,168	82.2	957	At 30 x FY22E EBITDA	89.5%
Business Valuation		14,931	199.1	2,317		
Debt		(2,186)	(29.1)	(339)		
Long Term Loans		(1,187)	(15.8)	(184.1)		
Short Term Loans		(601)	(8.0)	(93.2)		
Deferred Payment Liability		(188)	(2.5)	(29.2)		
Other Long Tem Liability		(210)	(2.8)	(32.5)		
Cash & Equivalents		2,230	29.7	346		
SOTP on diluted capital		14,976	200	2,324		

Exhibit 20: Key assumptions

	Unit	FY17	FY18	FY19	FY20	FY21e	FY22e	FY23e
Brent Crude	USD/bbl	49.9	57.9	70.8	62.0	45.7	55.0	60.0
Refining								
Capacity	mmt	62	62	62	62	63	63	63
Crude throughput	mmt	70.1	69.8	68.3	70.6	65.7	70.1	70.1
Cap. utilisation	%	113.1	112.6	110.2	113.9	104.3	111.3	111.3
Avg. GRMs	USD/bbl	11.0	11.6	9.3	8.9	N.A.	7.0	8.5
Petchem								
Capacity	mmt	21.0	26.1	26.1	26.1	26.1	26.1	26.1
Production	mmt	13.6	16.5	19.7	19.8	19.9	20.1	20.3
Cap. utilisation	%	65	63	75	76	76	77	78
EBIT Margins	%	15.0%	18.5%	21.0%	19.7%	16.3%	17.2%	18.7%
O2C								
Total Throughput					79.8	71.9	79.1	79.1
Production meant for sale					71.0	63.6	72.2	72.4
EBITDA Margin					11.9%	11.9%	12.2%	13.5%
PMT field								
Oil								
RIL Share	mn bbls	1.8	1.6	1.2	0.8	0.0	0.0	0.0
Average realisation	USD/ bbl	49.0	56.8	70.8	65.6	45.7	55.0	60.0
Natural Gas								
RIL Share	mmscmd	1.5	1.4	1.2	0.8	0.0	0.0	0.0
Average realisation	USD/ mmbtu	5.7	5.7	5.7	5.7	5.7	5.7	5.7
KG D6 field								
Natural Gas								
Total production	mmscmd	8	5	3	2	2	17	23
RIL Share	mmscmd	5	3	2	1	1	10	14
Average realisation	USD/ mmbtu	3.29	3.16	3.5	4.0	4.8	6.0	7.0
Oil								
Total production	mdbl	1.08	0.81	1.25	0.00	0.00	0.00	0.00
RIL Share	mdbl	0.65	0.49	0.75	0.00	0.00	0.00	0.00
Average realisation	USD/ bbl	46.00	51.25	70.80	0.00	45.74	55.00	60.00
JIO-Infocom								
Avg. Subscriber Base	nos	109	152	264	347	407	441	465
ARPU	INR/sub/month	200.0	113.7	137.4	130.3	143	152	174
Retail								
Revenue (excluding connectivity)	Rs Bn	333	406	726	903	741	1427	1956
Revenue Growth	%	33%	22%	79%	24%	-18%	93%	37%
EBIT margins		2.3%	3.1%	4.2%	5.1%	5.3%	6.0%	6.3%
INR-USD exchange rate	Rs/USD	67.1	64.5	69.9	70.9	74.21	75	75

FINANCIALS

Exhibit 21: Balance sheet

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Equity capital	29,590	59,220	59,260	63,390	64,450	64,450	64,450
Reserves	2,607,500	2,875,840	3,811,860	4,469,920	6,937,270	7,419,802	8,129,434
Net worth	2,637,090	2,935,060	3,871,120	4,533,310	7,001,720	7,484,252	8,193,884
Debt	2,128,380	2,103,560	3,013,490	3,295,250	2,646,670	2,185,637	1,725,156
Minority interest	29,170	35,390	82,800	80,160	992,600	1,072,991	1,180,448
Deferred tax liab (net)	211,980	245,430	499,230	541,230	370,010	428,351	511,158
Capital Employes	5,006,620	5,319,440	7,466,640	8,449,950	11,011,000	11,171,231	11,610,646
Fixed assets	5,184,710	5,850,940	5,658,400	6,315,050	6,569,990	6,815,044	7,051,828
Goodwill	48,920	58,130	119,970	102,590	102,120	102,120	102,120
Investments-Non Current	256,390	252,590	1,645,490	2,038,520	2,123,820	2,123,820	2,123,820
Investments-Current	527,510	576,030	709,390	729,150	1,524,460	1,524,460	1,524,460
Net working capital	(1,010,910)	(1,418,250)	(666,610)	(735,360)	690,610	605,787	808,417
Inventories	534,600	608,370	675,610	739,030	816,720	760,787	892,846
Sundry debtors	81,770	175,550	300,890	196,560	190,140	209,905	248,304
Cash & Bank Balance	30,230	42,550	75,120	309,200	173,970	328,862	520,763
Other current assets	403,890	548,570	839,190	1,229,050	1,710,900	1,711,665	1,712,452
Sundry creditors	765,950	1,068,610	1,083,090	967,990	1,088,970	1,399,369	1,655,362
Other current liabilities	1,295,450	1,724,680	1,474,330	2,241,210	1,112,150	1,006,064	910,587
Application of Funds	5,006,620	5,319,440	7,466,640	8,449,950	11,011,000	11,171,231	11,610,646

Exhibit 22: Income statement

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Revenue	3,053,820	3,916,770	5,671,350	5,967,430	4,669,240	6,384,623	7,552,588
Total Expense	2,591,880	3,275,010	4,832,170	5,085,260	3,861,870	5,348,169	6,230,051
Operating Profit	461,940	641,760	839,180	882,170	807,370	1,036,454	1,322,537
Other Income	94,430	88,620	86,350	139,560	163,270	182,635	213,118
Depreciaton	(116,460)	(167,060)	(209,340)	(222,030)	(265,720)	(267,910)	(276,180)
EBIT	439,910	563,320	716,190	799,700	704,920	951,179	1,259,475
Interest	(38,490)	(80,520)	(164,950)	(220,270)	(211,890)	(140,885)	(109,385)
Extraordinary Item	0	0	0	(44,440)	56,420	0	0
PBT	401,420	482,800	551,240	534,990	549,450	810,294	1,150,090
Tax	(102,010)	(133,460)	(153,900)	(137,260)	(17,220)	(204,194)	(289,823)
PAT	299,410	349,340	397,340	397,730	532,230	606,100	860,267
Adj. PAT	299,410	349,340	397,340	442,170	475,810	606,100	860,267
Monority Interest/ Profit from Associates	(1,080)	540	(1,460)	(4,190)	(40,950)	(75,231)	(102,298)
Attributable PAT	298,330	349,880	395,880	393,540	491,280	530,869	757,970
Eps	46.3	54.3	61.4	61.1	76.2	82.4	117.6

Exhibit 23: Cash flow statement

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E	FY22E	FY23E
PBT	401,420	482,800	551,240	534,990	549,450	810,294	1,150,090
Depreciation & amortisation	116,460	167,060	209,340	222,030	265,720	267,910	276,180
Interest expense	38,490	80,520	164,950	220,270	211,890	140,885	109,385
(Inc)/Dec in working capital	(480)	(5,650)	(330,290)	(290,520)	(159,480)	345,802	84,747
Tax paid	(88,800)	(100,980)	(116,830)	(86,300)	(22,050)	(145,853)	(207,016)
Less: Interest/Dividend Income Received	(94,430)	(88,620)	(86,350)	(139,560)	(163,270)	(182,635)	(213,118)
Other operating Cash Flow	103,310	8,100	(78,599)	(80,710)	(48,620)	41,750	103,733
Cash flow from operating activities	475,970	543,230	313,461	380,200	633,640	1,278,153	1,304,000
Capital expenditure	(1,214,020)	(842,500)	(78,640)	(861,300)	(520,190)	(512,964)	(512,964)
Inc/(Dec) in investments	56,250	(44,720)	(1,526,260)	(412,790)	(880,610)	0	0
Add: Interest/Dividend Income Received	0	0	0	0	0	0	0
Cash flow from investing activities	(1,157,770)	(887,220)	(1,604,900)	(1,274,090)	(1,400,800)	(512,964)	(512,964)
Inc/(Dec) in share capital	0	0	0	0	2,003,820	0	0
Inc/(Dec) in debt	320,870	(24,820)	909,930	281,760	(648,580)	(461,033)	(460,481)
Dividend Paid	(39,384)	(47,944)	(55,563)	(39,220)	(45,115)	(48,338)	(48,338)
Others	320,264	429,074	469,642	885,430	(678,195)	(100,926)	(90,317)
Cash flow from financing activities	601,750	356,310	1,324,009	1,127,970	631,930	(610,297)	(599,136)
Net cash flow	(80,050)	12,320	32,570	234,080	(135,230)	154,892	191,900

Exhibit 24: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Tax burden (x)	0.7	0.7	0.7	0.7	1.0	0.7	0.7
Interest burden (x)	0.9	0.9	0.8	0.7	0.8	0.9	0.9
EBIT margin (x)	0.1	0.1	0.1	0.1	0.2	0.1	0.2
Asset turnover (x)	0.5	0.5	0.6	0.6	0.4	0.5	0.5
Financial leverage (x)	2.6	2.7	2.6	2.5	2.0	1.6	1.5
RoE (%)	11.9	12.4	11.5	9.3	8.4	7.3	9.6

Exhibit 25: Ratio analysis

Y/e 31 Mar	FY17	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Growth matrix (%)							
Revenue growth	11.5	28.3	44.8	5.2	(21.8)	63.1	33.2
Op profit growth	10.8	38.9	30.8	5.1	(8.5)	61.5	57.6
EBIT growth	14.6	37.4	32.7	4.8	(17.9)	41.9	36.1
Net profit growth	(0.1)	17.3	13.1	7.8	2.4	51.8	91.5
Profitability ratios (%)							
OPM	15.1	16.4	14.8	14.8	17.3	16.2	17.5
EBIT margin	14.4	14.4	12.6	13.4	15.1	14.9	16.7
Net profit margin	9.8	8.9	7.0	6.7	11.4	9.5	11.4
RoCE	9.4	10.9	11.2	10.0	7.2	8.6	11.1
RoE	11.9	12.4	11.5	9.3	8.4	7.3	9.6
RoA	4.6	4.6	4.4	3.7	4.3	4.5	6.2
Per share ratios							
EPS	46.3	54.3	61.4	61.1	76.2	82.4	117.7
Dividend per share	5.5	6.7	7.8	6.6	7.6	8.2	8.2
Cash EPS	70.2	87.2	102.5	104.7	134.8	147.7	192.0
Book value per share	445.5	495.8	653.9	765.8	1182.7	1264.3	1384.2
Valuation ratios							
P/E	44.3	37.8	33.4	31.0	30.3	24.9	17.4
P/CEPS	29.2	23.5	20.0	19.6	15.2	13.9	10.7
P/B	4.6	4.1	3.1	2.7	1.7	1.6	1.5
EV/EBIDTA	32.0	22.9	18.4	17.5	17.5	13.1	9.7
Payout (%)							
Dividend payout	11.9	12.3	12.6	10.8	10.0	9.9	6.9
Tax payout	25.4	27.6	27.9	25.7	3.1	25.2	25.2
Liquidity ratios							
Debtor days	9.8	16.4	19.4	12.0	14.9	12.0	12.0
Inventory days	63.8	56.7	43.5	45.2	63.8	50.0	50.0
Creditor days	91.5	99.6	69.7	59.2	85.1	80.0	80.0

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